

LONDON HOUSING PRESSURES

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Introduction

- Expressing my own views
- London's triple whammy:
 - London's growing population
 - Rising housing costs & reducing supply of affordable housing
 - Impact of welfare reform

Movement of people

- From inner London to outer London
- From outer London to adjoining home counties
- Some further afield

Dynamics:

1. Affordability and welfare reform
2. PRS and Housing Benefit

Movement of:

1. Local authority homeless
2. Social services placements
3. People making own economic choices

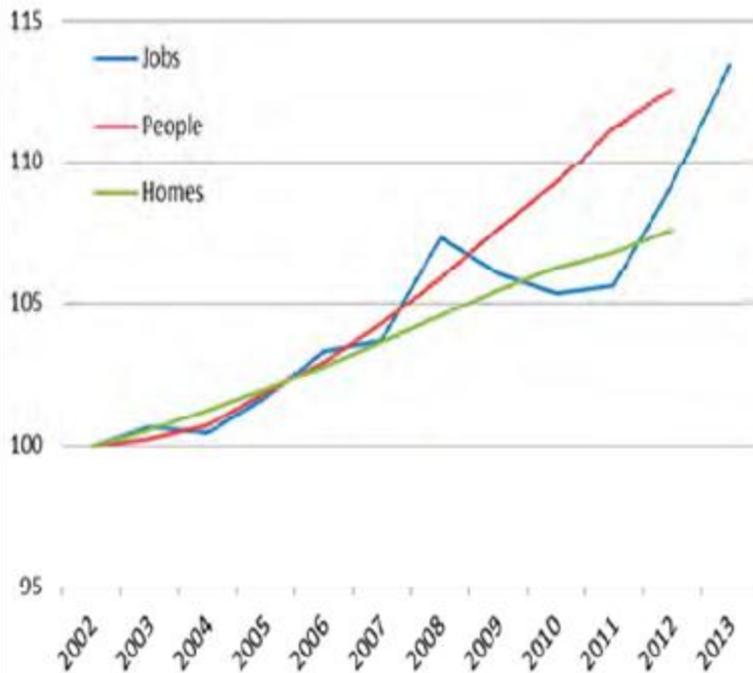
London's growth challenge

- London's population expected to grow to 8.7m by 2016
- And to 9.7 m by 2021
- And to 10m by 2030
- Thus London needs an additional 400,000 homes

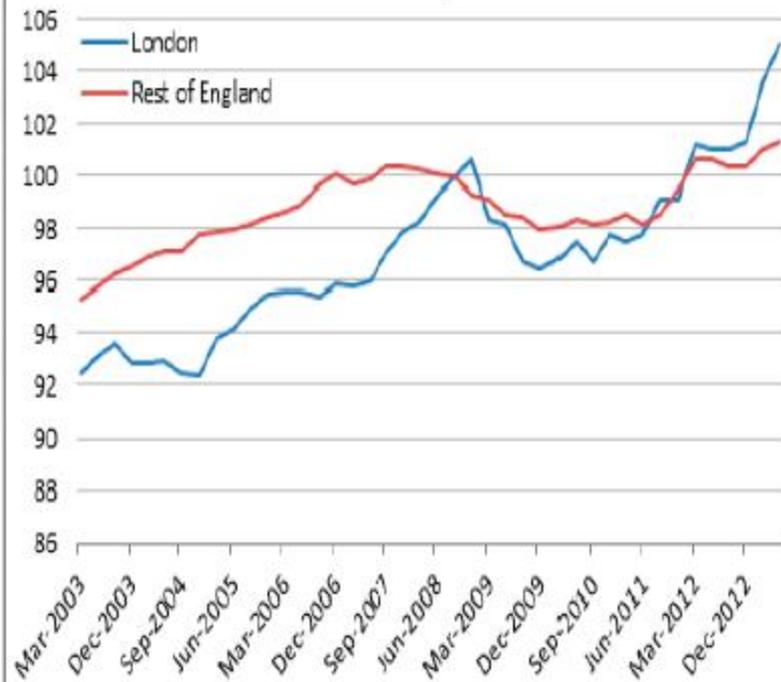
- GLA projections

Domestic changes..

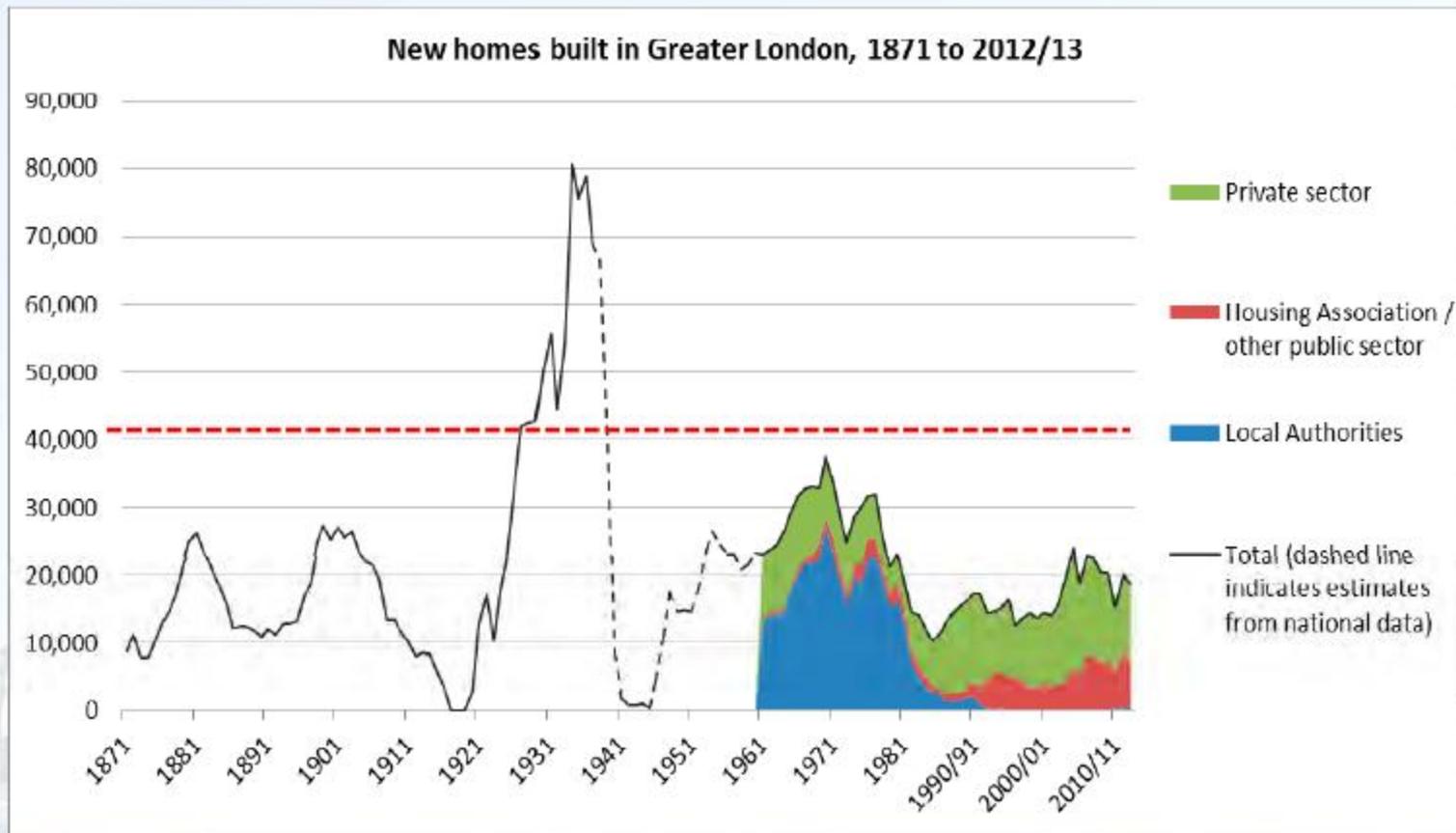
Trend in number of jobs, people and homes in London (2002 = 100)



Trend in workforce jobs in London and rest of England (Sep '08 = 100)



We need at least 40,000 new homes a year..



Sources: Metropolitan Police (1871-1930) British Historical Statistics - Cambridge:1988 (years 1930-1948), Live Table 241 - DCLG (years 1949-2011)

Delivery challenge in London

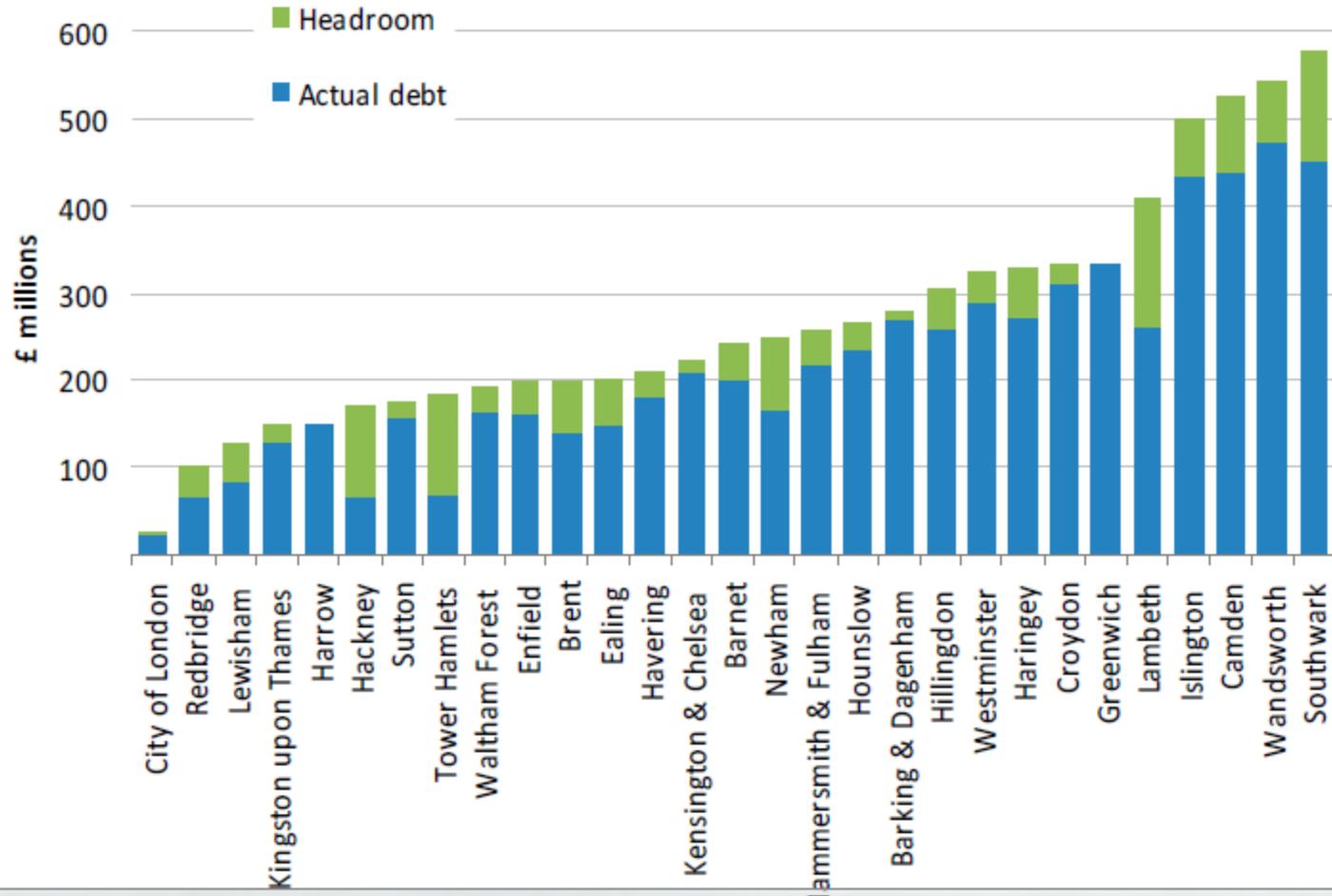
London's population in 2011 is equal to these 24 cities



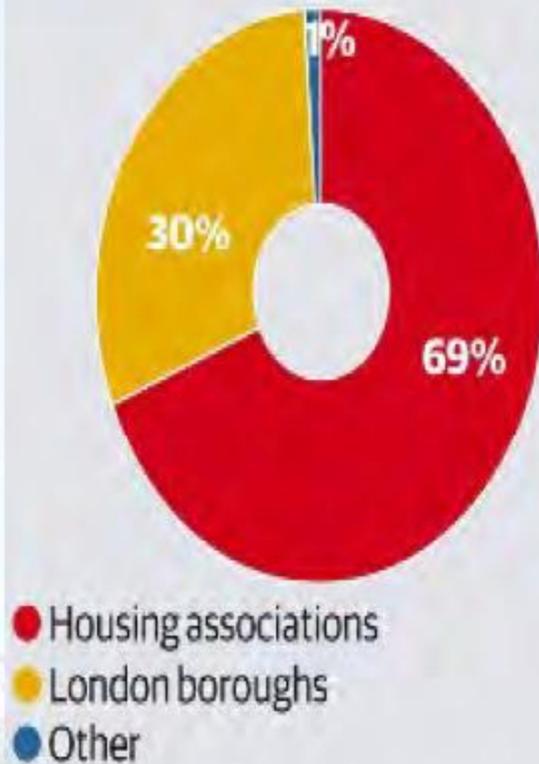
And over the next 10 years it is projected to grow an extra:



Borough opening HRA positions post-settlement



London fundingsplit (2015/17)



- AHP 11/15

7 boroughs - 6.9% of total

- Building the Pipeline 2013

16 boroughs 30% of total

Future direction..

- National funding announced 2015-18 – London share to be determined;
- Greater focus on working Londoners;
- New ways of boosting supply.

HOMES FOR LONDON

The London Housing Strategy
2013

Rising housing costs in London

- House prices spiralling
- Private Sector rents out of reach of many
- Few PRS landlords now accept HB cases
- “Affordable rents” unaffordable to many, especially households with children
- Changing LA allocation policies

Diminishing supply

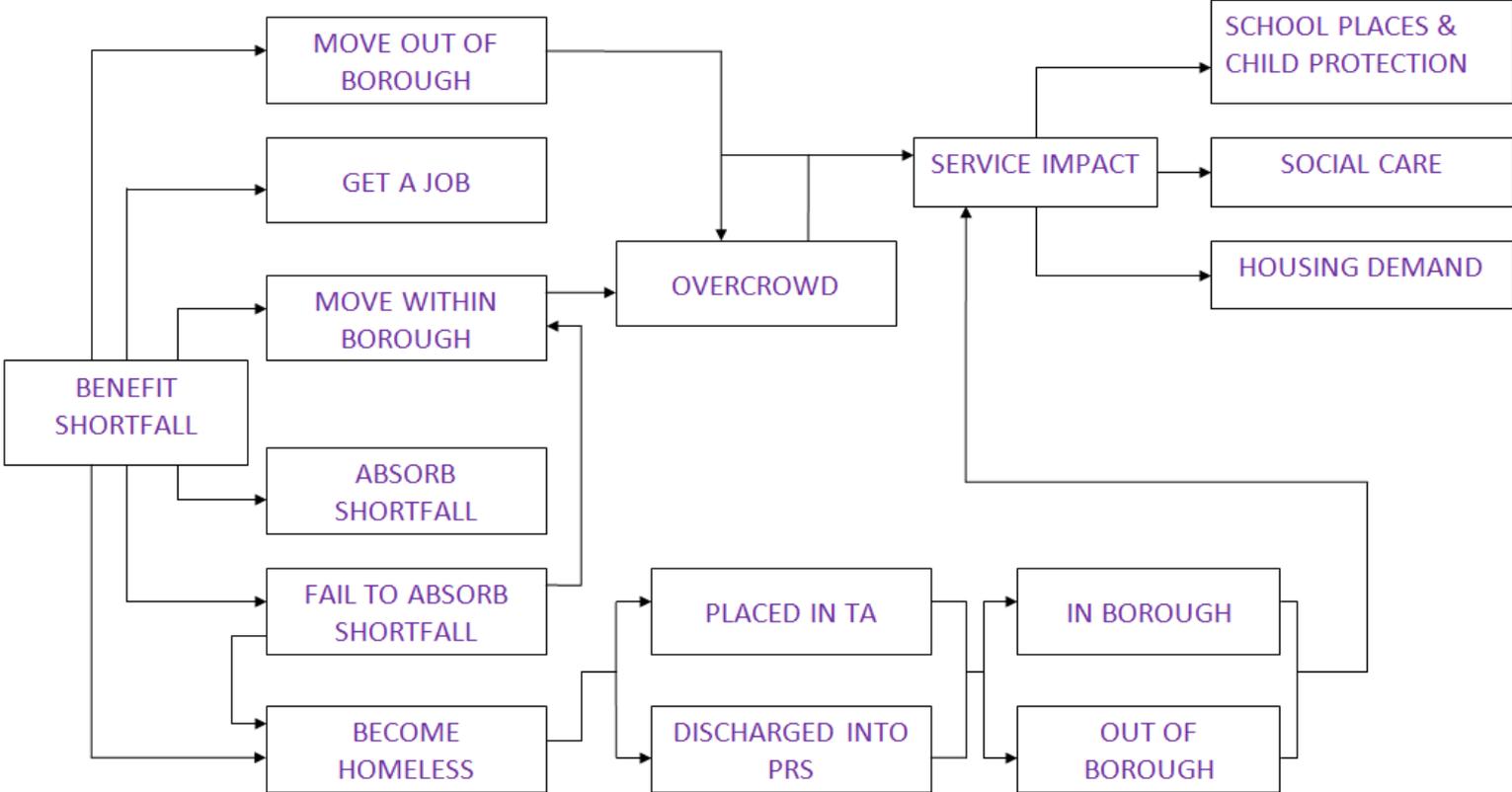
- New supply
 - Reduced grant funding
 - Reduced delivery through Section 106 planning
 - Smaller homes provided
- Social rent
 - losses through Right to Buy
 - Estate regeneration schemes – mixed tenure
 - RP's transferring homes at relet to affordable rent

Welfare reform - London Picture

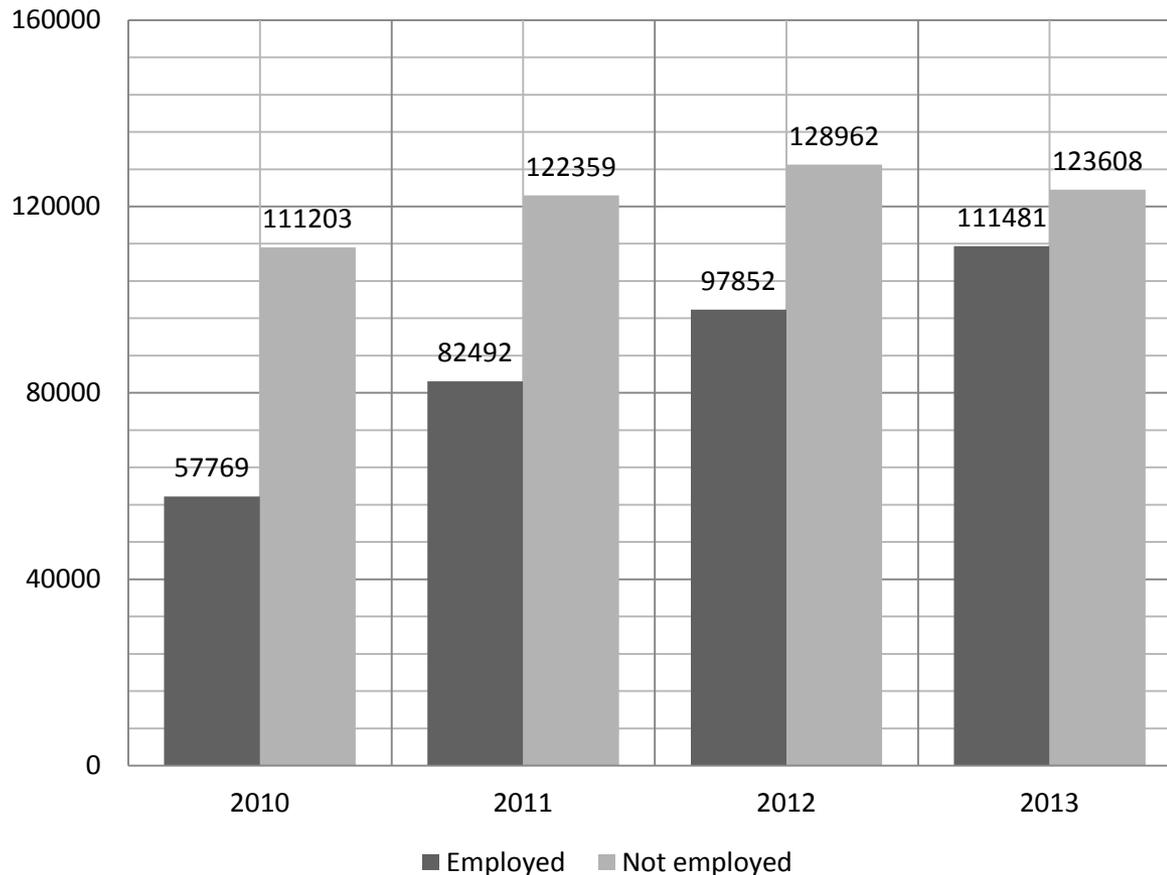


- ½ of all benefit cap cases
- 160,000 affected by LHA changes
- 55,000 by SSSC/bedroom tax
- 450,000 paying more Council Tax

Choices

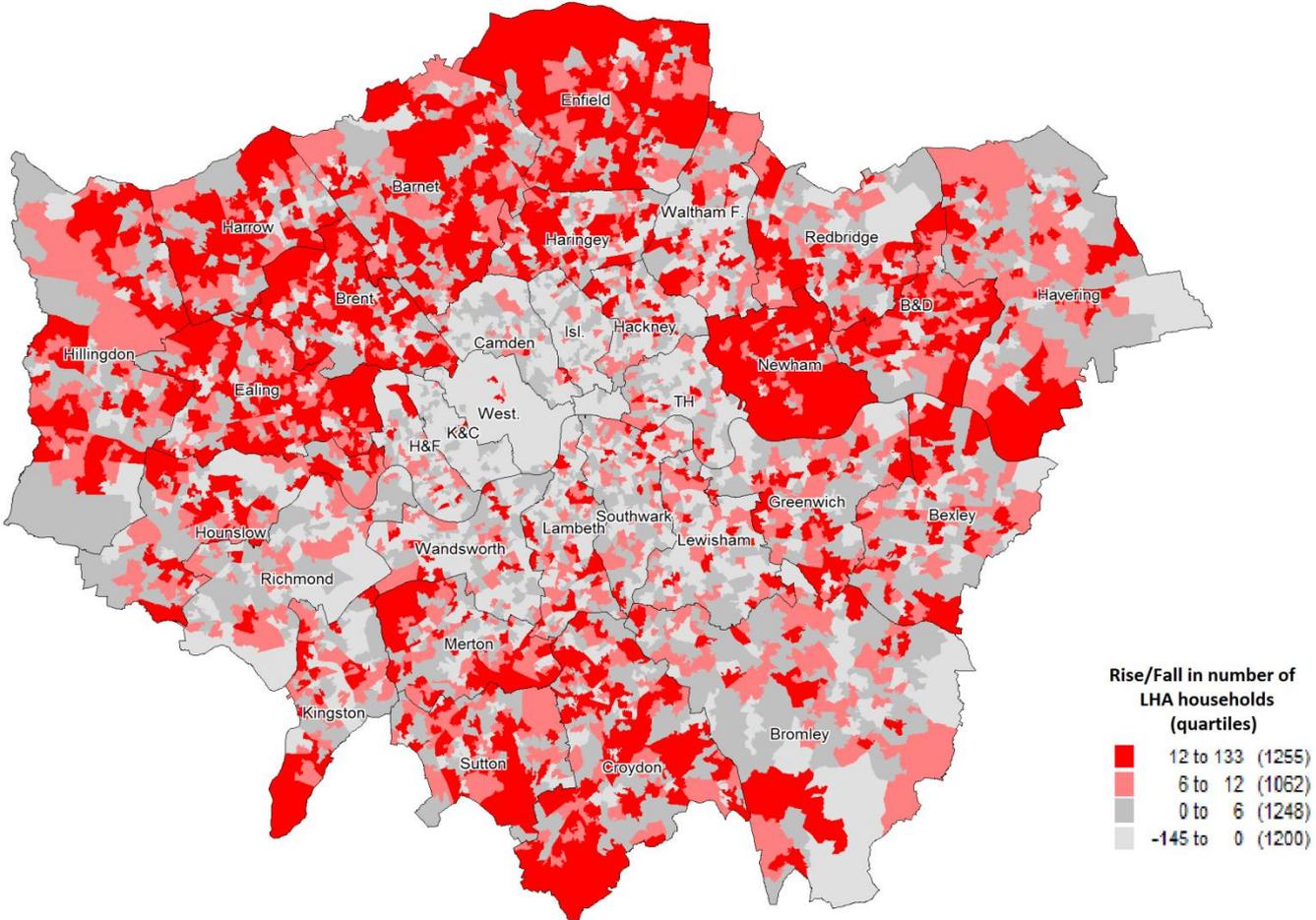


Affordable housing?

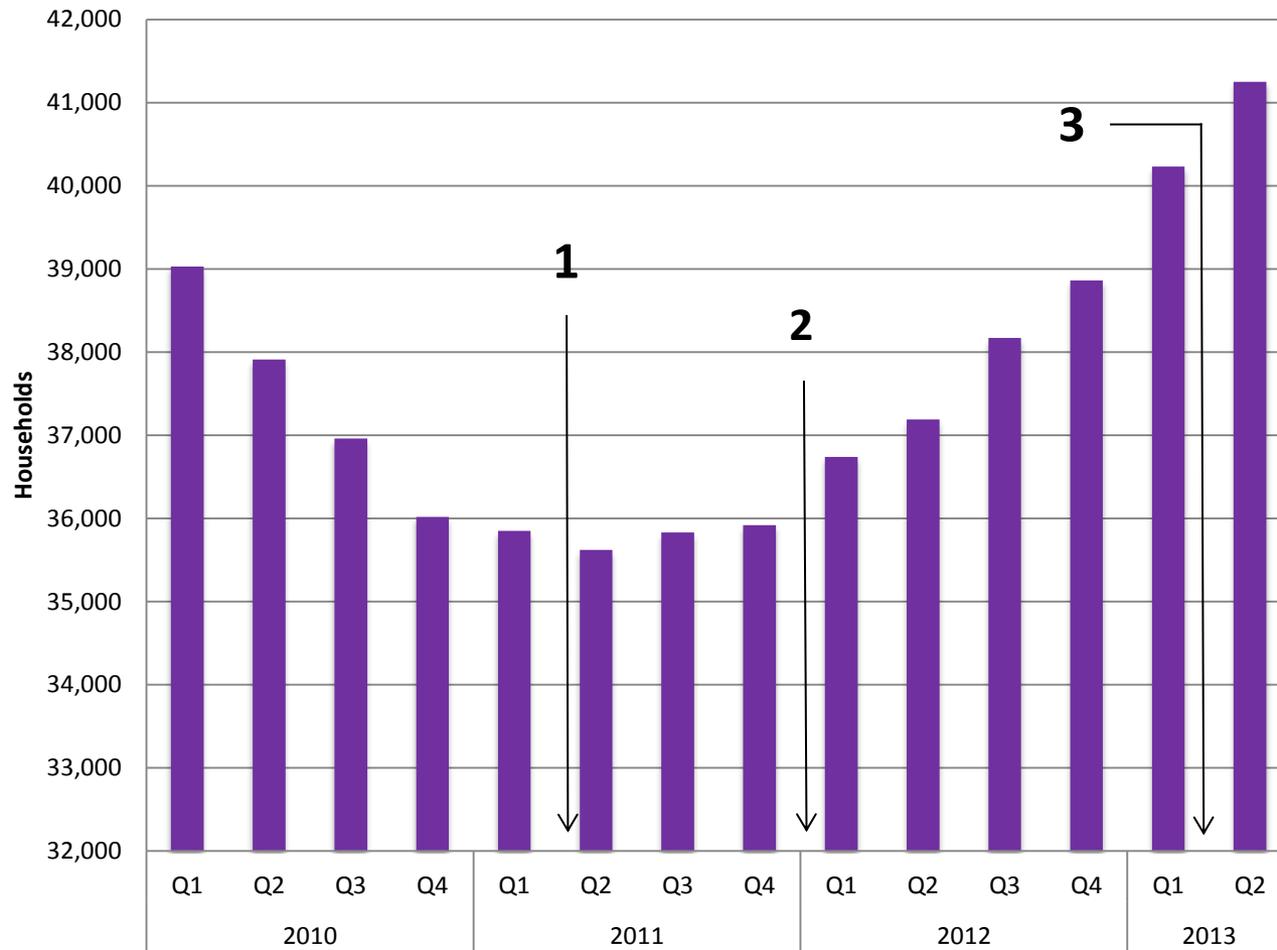


- 2/3 growth in London HB is in PRS (LHA)
- Rents up 14%
- Increase in employed claimants
- No recognition of London's higher costs

The London impact – ‘Migration’



The London impact – Homelessness & TA



The London Impact – New burdens



- Capping homeless households
- Increased homelessness & DHP demand
- Arrears & debt
- Future demand

PRS Claimants only, for London

Data from		DWP Stat-Xplore		
Area	PRS HB Claimants, Apr 2011	PRS HB Claimants, May 2013	Change	
Central London*	17,252	13,576	-21.3%	
Inner London	101,344	99,776	-1.5%	
Outer London	165,616	181,697	+9.7%	
England	1,372,093	1,493,438	+8.8%	

- Central London here is composed of City of London, Westminster, Kensington & Chelsea, and Hammersmith & Fulham

Implications for local government

- Housing & homelessness
- Migration & school places
- Mobility & transport
- Care & child protection
- Devolution of financial risk
- Reputation



Assessing the impact

- Over half of households affected by the benefit cap live in London
- With a total of £130m to be cut from household incomes each year
- The top 20 worst affected local authority areas are all in London
- 2447 households were capped between 15 April and 31 May 2013
- Of these, 86% had 1-4 children and 67% were capped by £100 or less per week
- 29% of households who found work, say they looked for a job as a direct response to being notified or becoming aware of the cap.

Haringey – experiences of the benefit cap

- Borough population over 250,000
- Over 2,300 children live in households affected by cap
- Evictions and relocation to cheaper parts of country not happening yet, but on horizon as Discretionary Housing Payments end
- Some PRS landlords now excluding benefit recipients
- To date small number finding employment or moving

A north outer London borough - Welfare reforms impact on residents

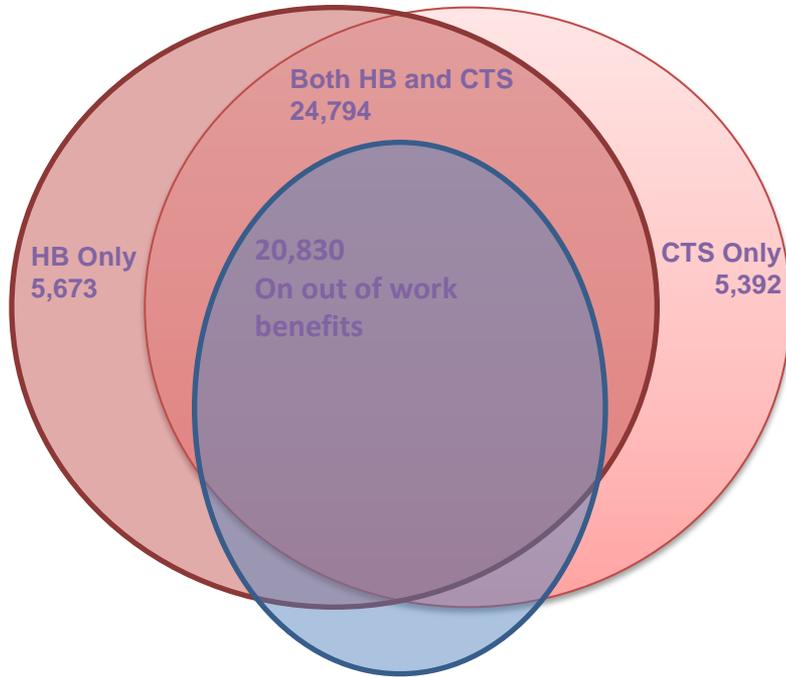
Over **20,000 households** impacted by Council Tax and
Housing Benefit Reforms across the borough

4,600 with a gap of more than **£25 a week** between
their rent and their housing benefit

Total “welfare gap” between housing costs and housing
benefit support of at least £20m a year for 2013/14

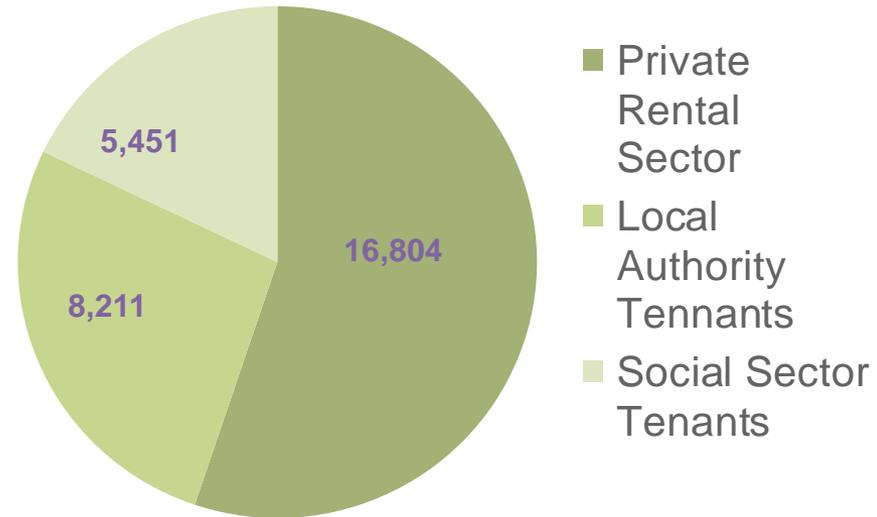
Over 10% of population are in receipt of Housing or Council Tax Support – at least 40% of these earn income from work

Housing Benefit and Council Tax Support Claimants



Total households: 35,858
(Sept 2013)

Housing Benefit Claimant Tenancies



55% of HB claimants live in the **private sector** – Around half of these claimants are **in work**

Numbers of under occupiers in debt are reducing but the level of debt among those in rent arrears is going up

1,174 residents incurring under-occupation charges.

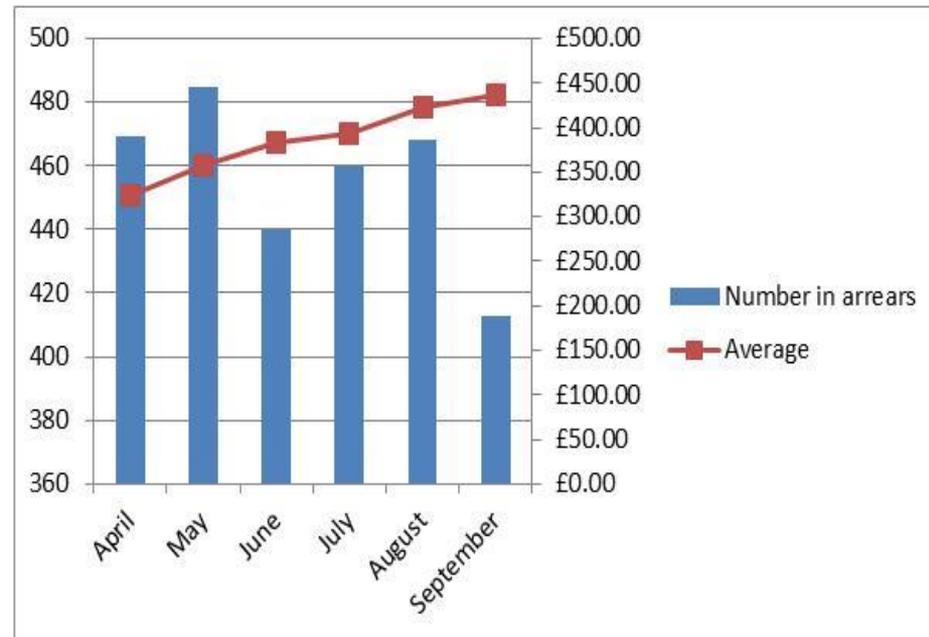
Over 60% have no dependants

75% are over the age of 45.

64% of under occupying Local Authority tenants are in arrears compared to 35% of all LA tenants with HB

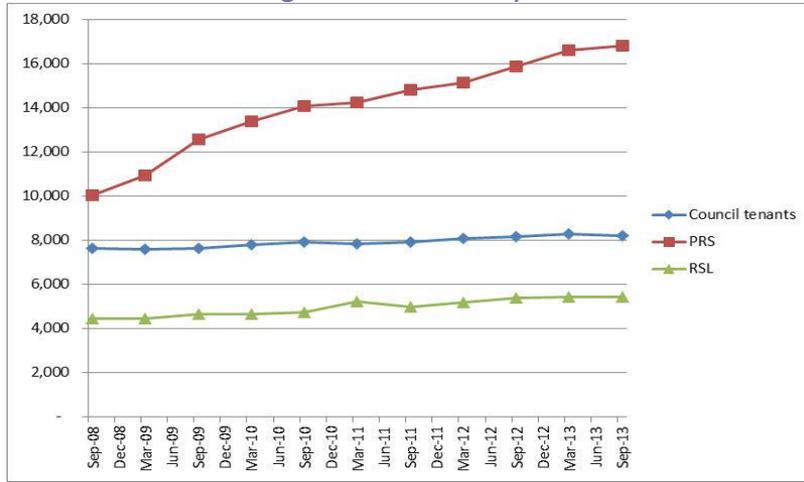
Since April, 25 households have been able to move to smaller accommodation

Under occupiers in arrears



Numbers of Local Housing Allowance claimants are increasing – and the majority are working

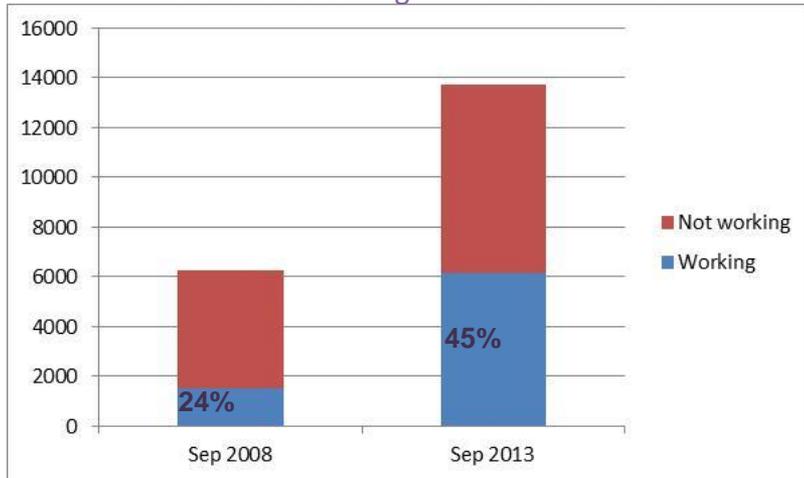
Housing Benefit claims by tenure



Housing Benefit claims from private sector tenants **increased by 65%** over the last 5 years

Percentage of these claimants ***in work*** has risen from **24%** of claimants to **45%** in that time

Number of housing allowance claimants

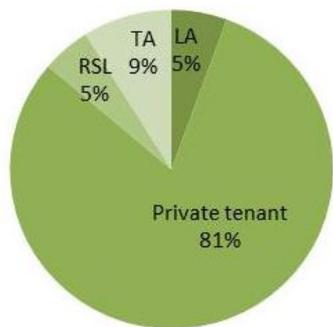


Rent is going up by **10%** a year while LHA rate is due to rise by **1%** a year

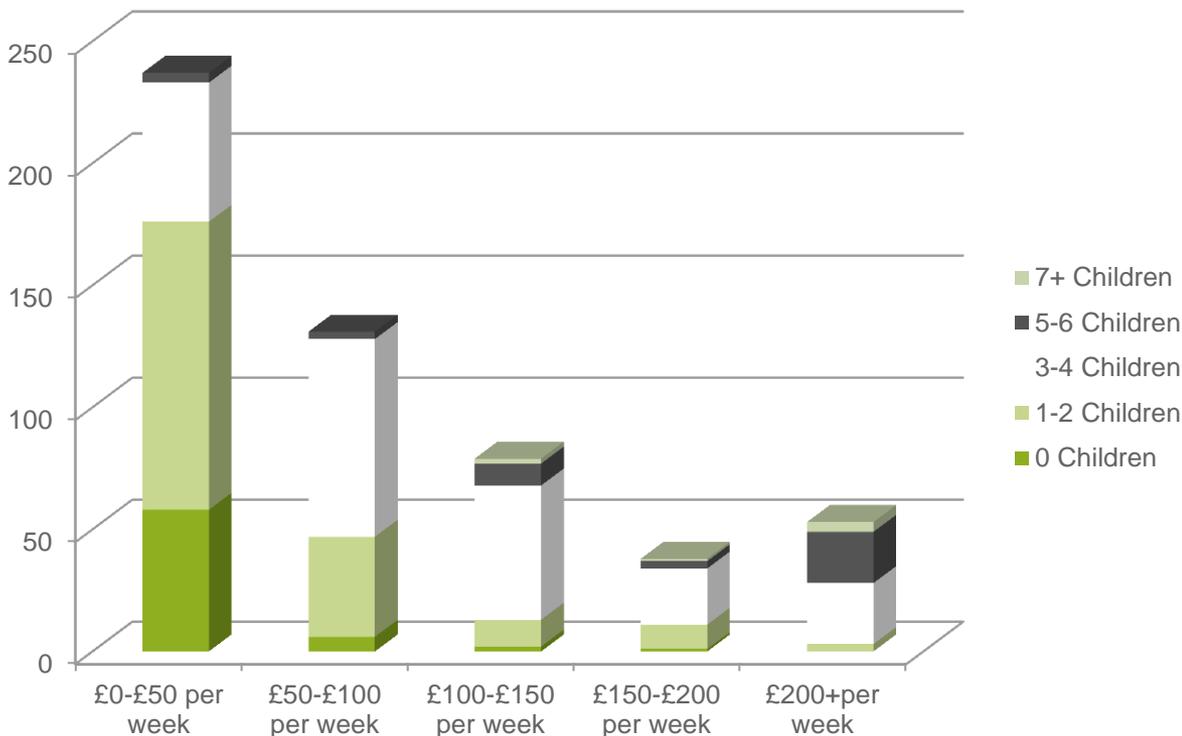
The average family affected by the Benefit Cap lives in the private sector, has 2 or 3 children and is losing £85 a week

61% of affected households are headed by single female parents

the majority live in the Private rental sector



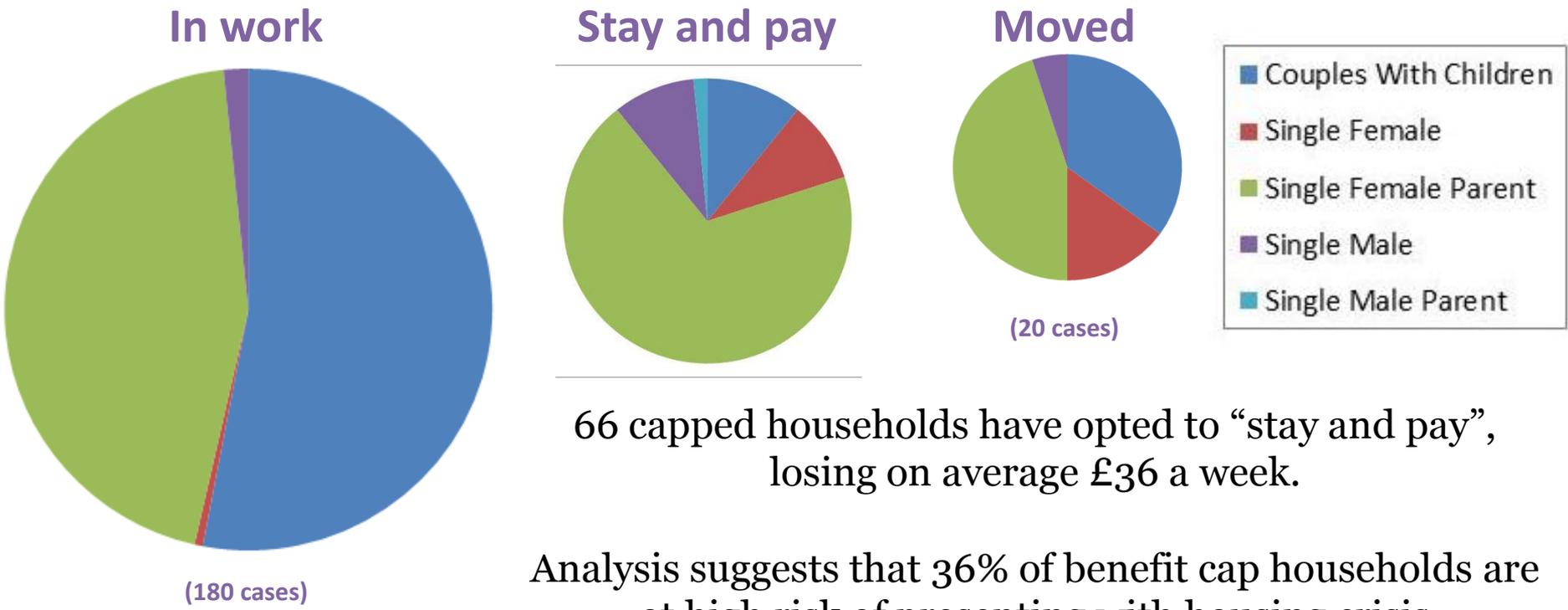
540 households affected



Larger families are losing more money per week

Disproportionate numbers of capped couples with children are moving into work while single mothers opt to “stay and pay”

18% of those due to be affected have moved into work, 3% have moved house

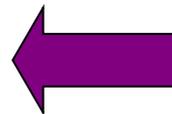
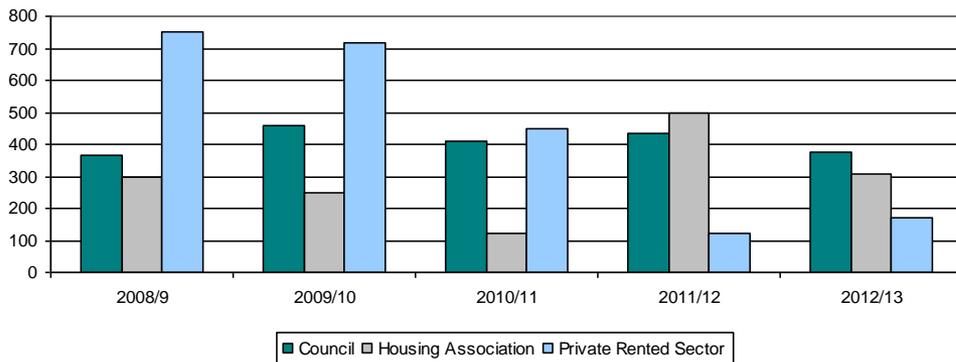
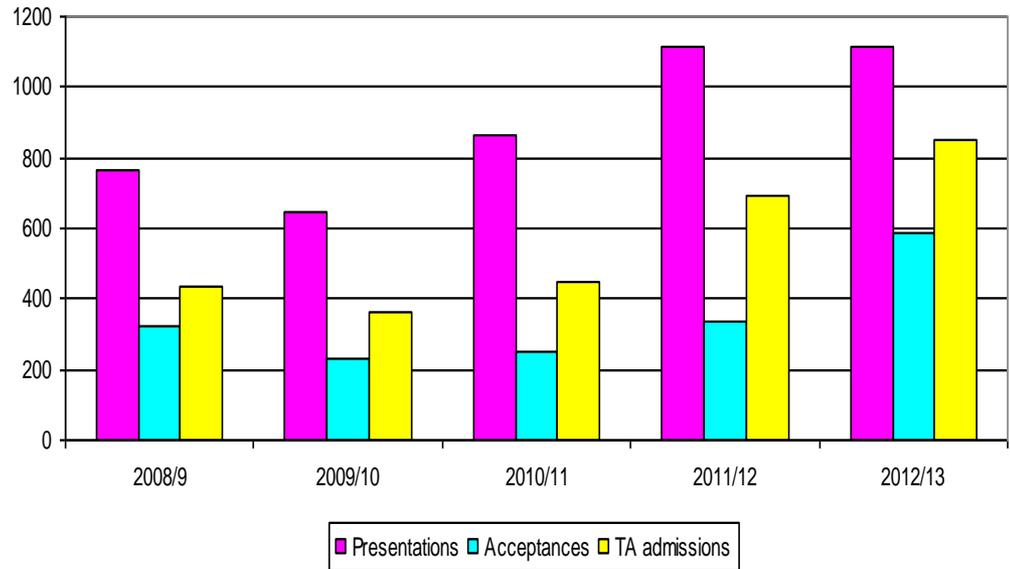
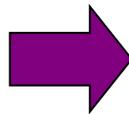


66 capped households have opted to “stay and pay”, losing on average £36 a week.

Analysis suggests that 36% of benefit cap households are at high risk of presenting with housing crisis

Numbers in housing crisis are rising

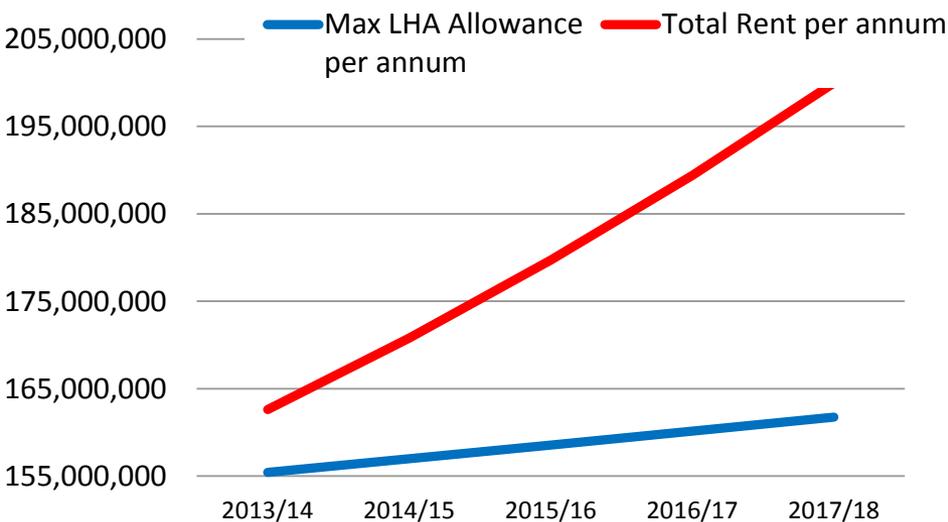
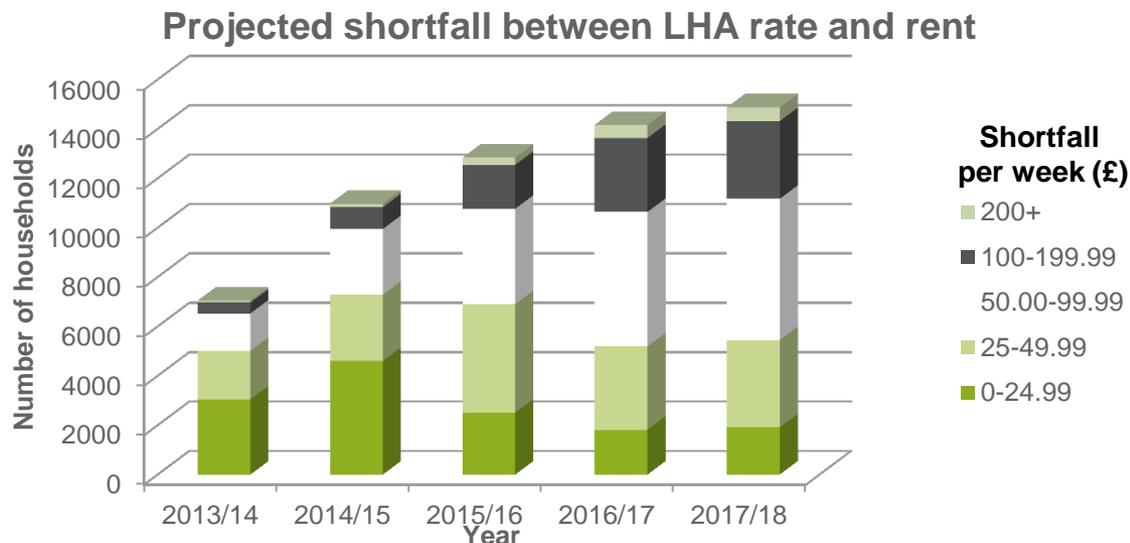
The number of people being accepted as **homeless** is increasing. Housing application Investigations **up 17% in 18 months**



The number of affordable private sector units available for the council to house its clients **has decreased**

A growing gap between LHA rates and rents making housing less affordable for many families

In July 2013 there were **6,954** households with a shortfall between their LHA rate and their rent.

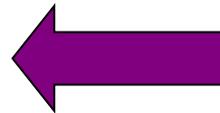
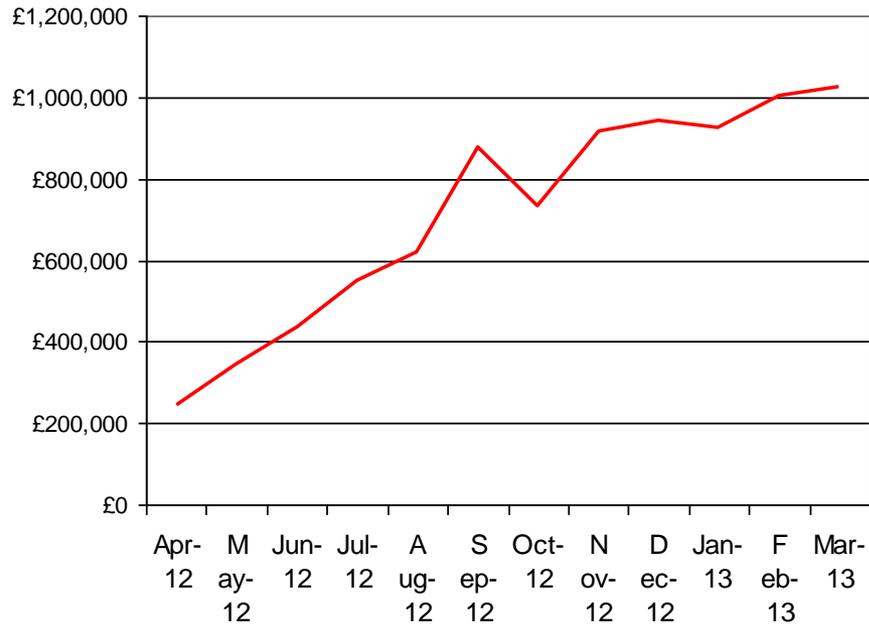
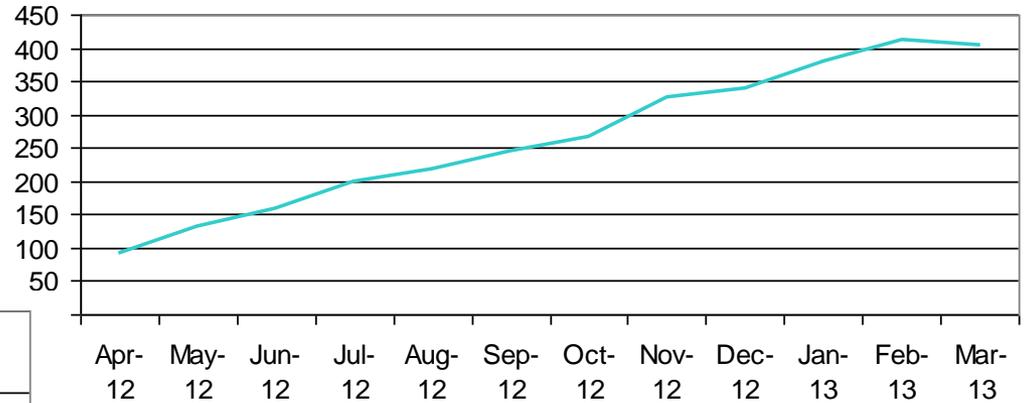


Rents are rising at **9% a year** while LHA rates are rising at just **1% a year.**

by **2017 4,000** households in borough could have a shortfall of **£100 or more** a week

This means the cost of temporary housing is rising

Increasing demand and higher rents means it costs the council more to procure temporary accommodation for homeless families



At the end of last year the council had spent more than **£1m above the subsidy level limit**

Couple with 2 children under five

Figures based on both partners working (one full time, one part time) both on London living wage, and making use of free childcare 15hrs a week but requiring some additional childcare before and after work and in school holidays.

Weekly Income	
Work	388.99
Child Tax Credit	77.16
Housing Benefit	118.54
Child Benefit	33.70
Total	618.34

Weekly Outgoings	
Rent – 2 bed flat in the borough	265
Council Tax	25
Utilities	50
Transport	60
Food and household goods	100
Clothes – school uniform etc	40
Childcare	105
Total	645

Next year: rent goes up to £290 a week but housing benefit only increases to £119.72

Councils securing properties out of borough - 1

- Data 2009 – 2012, Bureau of Investigative journalists
- Total moves within London – 19,057
- Total moves into borough

Highest: Enfield 2,184 - Haringey 1,833

Waltham Forest 1,810 - Redbridge 1,731

Barking & Dagenham 1,618

Lowest: Kingston 7 - Richmond 11 - Sutton 16

Camden 123 - Bromley 149

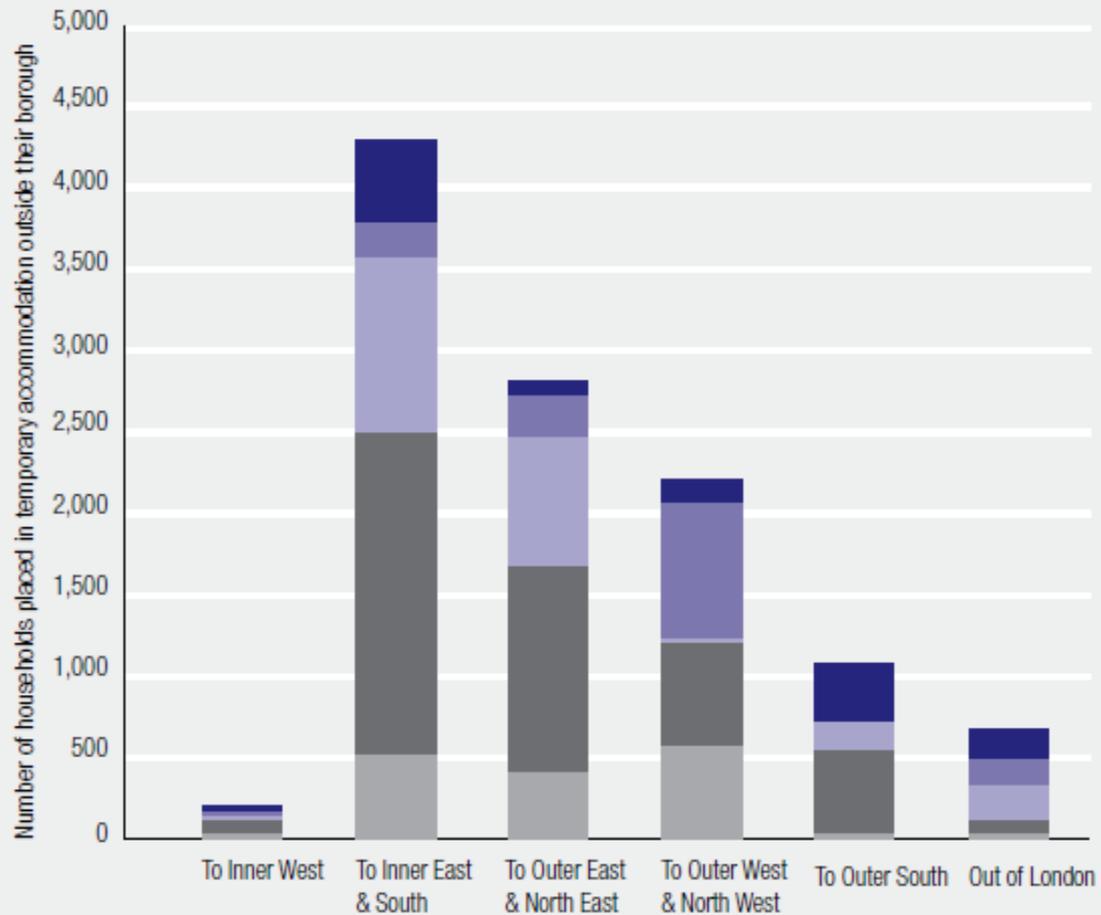
Boroughs securing properties within other London Boroughs

- Examples:
- **Newham 3792** (including 1352 to Redbridge, 1136 to Barking & Dagenham, 929 to Waltham Forest, 238 to Havering)
- **Islington 2115** (including 1120 in Haringey & 372 in Enfield)
- **Haringey 1788** (including 1147 in Enfield)
- **Redbridge 1241** (including 252 to Barking & Dagenham)
- **Greenwich 1009** (including 405 to Lewisham)
- **Camden 552** (including 242 to Haringey and 117 in Enfield)

Figure 4.11: Households placed in temporary accommodation outside their borough

- From Outer South
- From Outer West & North West
- From Outer East & North East
- From Inner East & South
- From Inner West

Source: Shelter analysis of Freedom of Information requests for 2012



Councils securing properties out of London

Moves out of London, examples:

Ashford 1 - Thanet 3 – Romford 6

Hastings 3 (2 from Newham, 1 from Croydon)

Kent 20 (13 from Bromley 2 from Newham etc)

Thurrock 34 - Luton 36 - Essex 27

Slough 100 – Gravesham 86 (all from Bexley)

Dartford 436

Private rented sector

- Flexibility, ease of access, supports London's economic vitality and dynamism.
- For young people and job seekers, and increasingly, families
- The private rented sector is home to a quarter of all Londoners, and based on current projections it will house a third within a decade and a half.
- Home ownership is now unobtainable for many
- As more people live in it longer, they need better management, consistent standards and more choice

PRS – key principles

- London Rental Standard
- Longer tenancies for families
- Landlord accreditation bodies to improve PRS
- Increase housing supply – use PRS to unlock stalled schemes
- Building typologies – designed for occupation by renters rather than buyers,
- Owned and managed by institutions and professional landlords for the long term.

Thank you

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